



Los Angeles County
Board of Supervisors

January 11, 2007

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D. 
Director and Chief Medical Officer

SUBJECT: **DHS PARTICIPATION IN MEDICARE MODERNIZATION
ACT (MMA) SECTION 1011 PROGRAM**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

On January 19, 2006, I submitted the Department's first status report on our progress to enroll and participate in the MMA Section 1011 program which provides partial federal reimbursement for emergency services to undocumented immigrants. This is the sixth in a series of periodic reports to inform your Board of our participation in this program.

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On November 27, 2006 the Department received approximately \$3.12 million in reimbursement for Section 1011 program services provided during the Second Quarter FFY 2006. This is an increase of .7 million over the \$2.42 million received for services provided during the First Quarter FFY 2006. To date, the Department has received \$7.9 million in total Section 1011 program reimbursement. Please see the attached Section 1011 billing and reimbursement schedule for more information.

The Section 1011 program has adopted a compliance review process to ensure that providers are following program guidelines and has recently adopted a dispute resolution process to enable providers to address billing and reimbursement issues. The Department is current with all Section 1011 compliance audits and continues to work with the CMS fiscal intermediary, TrailBlazer Health Enterprises, LLC (TrailBlazer), on outstanding disputed issues.

The critical compliance review issue continues to be satisfying the CMS/TrailBlazer requirement to determine patient eligibility using indirect measures (not directly asking a patient if he/she is an *undocumented alien*) that are acceptable to TrailBlazer. The Department's indirect measures are being reviewed by CMS/TrailBlazer and the Department is prepared to utilize the dispute resolution process, where appropriate, should TrailBlazer invalidate claims or payments based on this eligibility issue.



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As briefly discussed in previous reports, the Department has appealed the ruling imposed by TrailBlazer that has prevented the Department from billing for the Third Quarter FFY 2005 claiming period (first available billing quarter for the Section 1011 program). Following review and recommendation by County Counsel to seek redress of this denial, an appeal was prepared and sent to TrailBlazer on July 26, 2006 by our outside counsel, Foley & Lardner, LLP.

The Department received a response from TrailBlazer (dated August 31, 2006) that the Department and legal counsel judged to be inaccurate and sent an appropriate reply to TrailBlazer on September 20, 2006. The Department subsequently received another response from TrailBlazer (dated October 30, 2006) which we are reviewing with counsel to determine next steps.

The Department is also continuing its work with County Counsel and outside legal counsel to determine the impact of Medi-Cal Redesign on receipt of Section 1011 reimbursement and whether the County can accept Medi-Cal Redesign and MMA Section 1011 payments.

The Department will continue to provide periodic reports to the Board on its participation in the Section 1011 program.

Please let me know if you have questions or require additional information.

BAC:lg
610:001

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
MMA SECTION 1011 BILLING AND REIMBURSEMENT SUMMARY
THIRD QUARTER FFY 2005 – SECOND QUARTER FFY 2006
(Dates of Service May 10, 2005 through March 31, 2006)

Federal Fiscal Year (Quarter)	Dates of Service	Total Claims Submitted	Total Gross Charges (Billed)	Total Billed Days	Average Reimbursement/Claim	Payment Date	Total Reimbursement¹
Third Quarter FFY 2005	May 10, 2005 to June 30, 2005	Pending	Pending	Pending	N/A	February 27, 2006	Appeal Submitted ²
Fourth Quarter FFY 2005	July 1, 2005 to September 30, 2005	903	\$12,412,965	932	\$2,619	May 29, 2006	\$2,364,836 ³
First Quarter FFY 2006	October 1, 2005 to December 30, 2005	1,417	\$15,225,675	1,137	\$1,705	August 28, 2006	\$2,416,185 ³
Second Quarter FFY 2006	January 1, 2006 to March 31, 2006	1048	11,930,683	1,714	\$2,974	November 27, 2006	\$3,117,348 ³
Total-to-Date		3,368	\$39,569,323	3,783	\$2,345 ⁵		\$7,898,369 ⁴

1. Reimbursement is based on a combined Medicare Cost Report-TrailBlazer methodology that has provided an average reimbursement rate to date of 17.3%

2. An appeal was sent to TrailBlazer, LLP, on July 26, 2006 to allow the County to claim for the Third Quarter FFY 2005 on the grounds that TrailBlazer failed to timely process the County's approved application

3. Paid claims are subject to compliance review which could result in repayment of a paid claim denied by TrailBlazer as part of its compliance review final determination process—127 claims are under review for the Second Quarter FFY 2006 (3.9% of total claims submitted)

4. If it is determined that provisions of the new State Medi-Cal Redesign precludes claiming for Section 1011 services the Department will make arrangements to return some or all of the Section 1011 funds received

5. Average reimbursement per claim reflects changes in average length-of-stay per claim